

22 July 1985

NOTE FOR: Deputy Director for Administration

FROM: Robert W. Magee
Director of Personnel

SUBJECT: Proposed Retirement Legislation

Harry:

1. Per our conversation, attached is the draft of proposed retirement legislation. It will be submitted in the form of an amendment to the existing CIARDS Act of 1964. For ease of reading, the whole Act is duplicated herein and new portions are highlighted by underlining. The first few pages give you the summary, which I would further summarize as follows:

- ° Everybody is treated the same whether hired before or after January 1, 1984. Everybody will contribute seven percent and get the same benefits. Mechanically, it is organized so that the Social Security payments and benefits are offset. As noted on page 11, section 201a underlined, this legislation gives the Director authority to administer the program "for all Agency employees." Current CSRS employees are now referred to as "member." Current CIA participants are referred to as "special participant member."
- ° A new feature is a two and one half percent accrual rate for both "members" and "special participant members" while serving overseas. This is our effort to address the Casey/Stockman arrangement and to recognize that service abroad is just as dangerous, if not more so, than that confronted by law enforcement officers who get two and one half percent.
- ° We have also introduced a voluntary capital accumulation plan (i.e., a 401k) in which the government matches 50 cents on the dollar up to a total of six percent of an employees salary (i.e., three percent government contribution).

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- ° With the exception of the above two points, the other provisos of the bill are consistent with our existing programs. It does, however, vary in several respects from the draft Stevens Bill.

2. Because of the addition of the thrift plan and the two and one half percent overseas kicker, the aggregate cost of the plan will be just short of forty percent of payroll as opposed to our current thirty-four percent of payroll. If that is too rich for our blood, we have included a single sheet that gives options for reducing the costs.

3. We have not yet vetted this with lawyers, Legislative Liaison, etc., to make sure the t's are crossed and the i's are dotted. I think it important that we first agree on what it is we want and then address the technicalities.

4. After the Agency has concluded its policy decisions, I propose to visit OMB and drop this on them and at the same time continue our discussion with them on how we propose to pursue the broader issue of recapturing administration of our people from a security standpoint. In this regard, read carefully the underlined portions on page 11 which provides us legal basis to handle the security issue with other elements of the government, specifically Social Security and Secretary of Health and Human Services. The ball is hereby struck clearly into your court.

Robert W. Magee

Attachment